

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7784

BILL NUMBER: SB 474

DATE PREPARED: Jan 11, 1999

BILL AMENDED:

SUBJECT: Legislative pay public question.

FISCAL ANALYST: Beverly Holloway

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a statewide public question to be placed on the 2000 general election ballot asking whether the annual salary of members of the General Assembly should be \$28,000. It provides that if more voters vote in favor of the public question than vote against it, the President Pro Tempore may authorize each Senator and the Speaker of the House of Representatives may authorize each Representative to receive an annual salary beginning January 1, 2001, of \$28,000 rather than the annual salary currently provided by statute.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill provides that if the voters in the 2000 general election vote in favor of the public question to increase the salaries of the members of the General Assembly to \$28,000, the President Pro Tempore of the Senate and the Speaker of the House of Representatives may authorize the increase in salary. The current salary of a member of the General Assembly is \$11,600. If the public question passes, there could be a potential fiscal impact if the President Pro Tempore of the Senate and the Speaker of the House of Representatives authorizes the salary increase. Each member's salary could increase by \$16,400, for a total salary increase of \$2,460,000 (Senate - \$820,000; House - \$1,640,000) and a fringe benefit increase of \$481,176 for a total salary and fringe benefits increase of approximately \$2.9 million. The increase in salaries and fringe benefits would come from the state General Fund and could begin January 1, 2001.

If the public question fails there would be no fiscal impact.

The cost of printing the public question on the general election ballot would not require an additional state General Fund appropriation.

Additionally, the Secretary of State is required to certify the results of the public question. This can be done within the existing budget of the Secretary of State.

Explanation of State Revenues: Assuming that the additional income will be taxed at the current income tax rate of 3.4% (\$83,640) and half of this income may generate additional sales tax revenue (\$61,500), the state could receive approximately \$145,140 (\$83,640 + \$61,500) in additional revenue.

Income tax revenue is deposited in the state General Fund. Gross retail sales and use taxes are deposited in the state General Fund (59.2%), the Property Tax Replacement Fund (40%), the Public Mass Transportation Fund (0.76%), and the Industrial Rail Service Loan Fund (0.04%).

Explanation of Local Expenditures: The county election board is required to tabulate the votes cast on the public question. This can be done within the existing budget.

Explanation of Local Revenues: Counties with a local option income tax may see a minimal increase in income taxes.

State Agencies Affected: General Assembly; Secretary of State.

Local Agencies Affected: County election board; Counties with a local option income tax.

Information Sources: